(b) if so what are the details thereof and the reaction of the Central Government thereto?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) and (b) Some States, including Maharashtra, had urged the Government of India to pass on the entire amount of external assistance to State Governments and also to charge the rate of interest charged by the external aid giving agency.

For the present, considering all aspects of the case, it has been decided to continue the existing policy under which 70 per cent of the aid disbursed on externally aided projects is passed on to State Governments as additional Central assistance of which 30 percent is outright grant and the balance 70 per cent is loan at uniform rates of interest prescribed from time to time (currently 9.75 per cent p.a.)

Release of Unsecured Loan to Kacchaldara Trading Limited by Unit Trust of India

3456. SHRI BHAGATRAM MANHAR:

SHRI BIR BHADRA PRATAP SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Kacchaldara Trading Limited is a subsidiary investment company of the Bombay Burmah Trading Corporation Limited;

(b) whether it is also a fact that the Unit Trust of India released Rupees one crore as unsecured loan to Bombay Burmah Trading Corporation without any formalities of sanction/mortgage, etc. in 1985-86; and

(c) if so, what was the procedure followed while sanctioning loans in 1985-86 by the Unit Trust of India and other commercial banks or financial institutions to Bombay Burmah Trading Corporation Limited?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) Yes, Sir.

(b) and (c) Unit Trust of India (UTI) had released Rs. one crore as unsecured deposit/loan to Bombay Burmah Trading Corporation as per the formalities laid down by the Board of Trustees and after completing the formality of sanction. Since this amount was released as unsecured loan, there was no formality of any mortgage. The funds were released to the company only after obtaining the sanction of the Executive Committee of the Board of Trustees to the proposal made by the company.

Information relating to sanction of loans to the company by commercial banks or other Financial Institutions is being collected and will be laid on the Table of the House.

Purchase of Shares by the Chairman of Bombay Dyeing

3457. SHRI BHAGATRAM MANHAR:

SHRI BIR BHADRA PRATAP SINGH:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Chairman of Bombay Dyeing purchased 14,000 Bombay Dyeing shares, 32,500 Citurgia Chemicals shares and 2000 National Peroxide shares in the years 1985 and 1986; and

(b) if so, what are the sources of funds for such an investment?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC